

NOV 12 2015



**FEMA**

Mr. Jimmy Gianato  
Director and Homeland Security Advisor  
West Virginia Division of Homeland Security and Emergency Management  
Building 1, Room EB-80  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0360

Dear Mr. Gianato:

We are in receipt of your letter dated September 1, 2015 in response to the Federal Emergency Management Agency (FEMA), Region III, Grants Division's list of findings and associated corrective actions resulting from the site visit on March 5, 2015. While WVDHSEM was able to close out 4 of the 6 identified corrective actions, WVDHSEM has not advanced in developing a financial monitoring plan for sub-recipients or in providing source documentation. The purpose of this letter is to inform WVDHSEM that 60 days from the date of this letter FEMA Region III will impose manual reimbursement for all open grants, due to WVDHSEM's need to develop a sub-recipient financial monitoring plan.

**Status of Corrective Actions:**

- 1. Finding:** Failure to report sub-recipients in FFATA sub award reporting system for Disaster grants.

**Corrective Action:** WVDHSEM should ensure all sub-recipients receiving \$25K or more as of October 1, 2010 are reported into the Federal Funding Accountability and Transparency Act Sub-award Reporting System (FSRS).

**WVDHSEM Response:** WVDHSEM has hired new staff with responsibility of entering required information in FSRS.gov. We expect to meet this requirement by October 1, 2015.

**FEMA Response:** WV successfully uploaded the required FFATA reports into FSRS.gov

**STATUS:** CLOSED

- 2. Finding:** Failure to establish current plan to financially monitor sub-recipients.

**Corrective Action:** Submit a financial monitoring plan based on risk assessment by August 31, 2015.

**WVDHSEM Response:** New staff will be responsible for financial monitoring with emphasis on all areas of risk. A flow chart of the process is included with this response.

**FEMA Response:** This finding is still considered unresolved. The response letter received does not provide evidence as to how WVDHSEM assesses which of their sub-recipients will be financially monitored nor did they provide a schedule identifying what sub-recipients would be monitored and when. WVDHSEM simply stated that they will begin to conduct financial site visits and desk reviews in September 2015. Please provide FEMA Region III with a schedule indicating the sub-recipients to be financially monitored and the methodology on how these sub-recipients were chosen.

**STATUS: OPEN**

**3. Finding:** Incomplete approval forms for EMPG reimbursements.

**Corrective Action:** Adopt the Financial Recap document for all EMPG award reimbursement to sub-recipients.

**WVDHSEMA Response:** As stated earlier, the new employee hired will be responsible for reviewing reimbursements to ensure proper checks and balances. A flowchart to document the process has been provided with this response.

**FEMA Response:** This process will be verified during Region III's next site visit.

**STATUS: CLOSED**

**4. Finding:** Inadequate source documentation for sample drawdowns.

**Corrective Action:** WVDHSEM needs to provide all the backup source documentation needed to justify the drawdowns made as reflected in the questioned costs section of the site visit protocol.

**WVDHSEM Response:** Submitted the necessary back up documentation.

**FEMA Response:** WVDHSEM provided all the source documentation required except for sample #2 below. WVDHSEM seemed to have charged HMGP related expense to a Public Assistance grant award without justification. After further discussion with FEMA Region III Mitigation and Recovery Divisions, it was determined that these charges are accurate, but they are charged to the incorrect disaster. They should have been applied to Public Assistance DR4071 and not DR4061. Please provide FEMA Region III with evidence that the charge in the amount of \$70,660 for City of Logan acquisition was reversed for DR4061 and charged to DR4071. This is due to FEMA Region III by **December 15, 2015**. Failure to provide evidence of the journal entry correction will result in FEMA Region III issuing a bill for collection.

Sample No.	Grant Number	Reimbursement amount	Comments
2	4061DRWVP00000001	\$70,660.00	We are questioning \$70,660 of the total \$385,355 drawn down on 7/23/2014 to the City of Logan. This represents reimbursement of property acquisition on a Public Assistance grant.

**STATUS: OPEN**

- 5. Finding:** No accounting data transferred from FIMS into the new OASIS system since its implementation in July 2014.

**Corrective Action:** WVDHSEM should develop a transition program to transfer all data associated with all grant funds from the old financial system into the new OASIS system. The use of spreadsheet to reconcile both FIMS and OASIS is not a viable way to account and monitor federal funds. This method also increases the chances of errors.

**WVDHSEM Response:** We expect to transfer all data by March 31, 2016.

**FEMA Response:** This transfer of data will be validated during Region III's next site visit.

**STATUS: CLOSED**

- 6. Finding:** Lack of budgetary controls in the new OASIS system. WVDHSEM currently relies on FEMA systems to ensure each grant award is not overdrawn. There is no mechanism to track fund award verses actual expenditure.

**Corrective Action:** WVDHSEM must submit a plan to enter the award/obligation amount for all grants, even those awarded in the legacy FIMS system.

**WVDHSEM Response:** With the new staff in place, we expect to have this completed by December 31, 2015.

**FEMA Response:** We will validate processes put in place during the next site visit.

**STATUS: CLOSED**

### **FEMA Action Due to WVDHSEM lack of Sub-recipient financial monitoring**

WVDHSEM continues to struggle to build a financial monitoring plan for sub-recipients. Lack of sub-recipient monitoring has been a consistent finding during Region III's site visits to West Virginia for the past several years. Below is a summary of activity regarding the WVDHSEM's sub-recipient financial monitoring to date:

- The 2011 site visit report dated June 9, 2011, Region III found that WVDHSEM had inadequate sub-recipient monitoring and requested that WVDHSEM provide a Corrective Action Plan (CAP).
- WVDHSEM submitted three CAPs that stated it would develop Monitoring Site Visit Protocols, a Monitoring Plan, and a Monitoring schedule. Region III accepted WVDHSEM Corrective Action Plans that were submitted July 15, 2011; August 31, 2011; and May 21, 2012.
- Region III scheduled a technical assistance visit for September 5, 2012 in coordination with WVDHSEM. In the June 14, 2012 letter announcing that visit, Region III stated the purpose of the visit was to validate WVDHSEM had taken steps to develop and maintain a sub-recipient financial monitoring program.
- Region III conducted a Technical Assistance visit on September 5, 2012 during which WVDHSEM could not demonstrate that it had a sub-recipient monitoring system in place. As a result, in a November 5, 2012 letter to WVDHSEM, Region III requested that WVDHSEM complete two actions to resolve this issue:
  1. Establish an annual sub-recipient site visit schedule (due January 15, 2013); and
  2. Provide a copy of an approved and practical site visit protocol (due January 15, 2013).
- On January 8, 2013 WVDHSEM requested and was given a thirty-day extension to complete the actions.
- On February 15, 2013 WVDHSEM provided site visit protocols but did not submit a site visit schedule.
- In an April 3, 2015 letter from FEMA Region III, WVDHSEM was informed that as of that date, no site visit schedule had been provided.
- In a May 17, 2013 letter, WVDHSEM provided a corrective action plan response, which:
  1. Provided a schedule for site visits
  2. Established sub-recipient monitoring protocols
- In a letter dated June 28, 2013, Region III approved the schedule for monitoring and site visit protocols.
- FEMA Region III conducted a site visit to verify CAP implementation for June 25-27, 2013. Sub-recipient monitoring findings were again identified.

- In an exit letter dated August 9, 2013, FEMA Region III outlined several issues regarding sub-recipient monitoring. Corrective actions were due to the Grants Division October 1, 2013.
  1. Financial sub-recipient monitoring is not being conducted for Public Assistance.
    - Submit a financial monitoring plan for fiscal year 2014 identifying the Public Assistance sub-recipients to be monitored along with scheduled dates monitoring will be conducted. Upon receipt of the plan and schedule, the FEMA regional office will work with WVDHSEM to identify which monitoring reports we will require a copy of and the associated due dates.
  2. No sub-recipient financial and programmatic site visits and/or desk reviews have been conducted in FY 2013 with regard to sub-recipients of EMPG grant funds (44 CFR 13.40).
    - Develop a sub-recipient financial and programmatic monitoring site visit and desk review schedule for FY 2014 and provide Region III with a copy of the schedule. Upon receipt of the plan and schedule, the FEMA regional office will work with WVDHSEM to identify which monitoring reports we will require a copy of and the associated due dates.
    - Investigate the possibility of funding the hiring of additional staff for monitoring purposes by expending or reallocating funds from open EMPG awards.
- Region III did not receive a response by the due date and sent a second notification letter on December 5, 2013.
- Response from WVDHSEM was received on December 10, 2013. However, the response did not address all of the deficiencies observed during the site visit or provide all of the requested information; specifically information was submitted regarding programmatic monitoring. However, in the August 9, 2013 and December 5, 2013 letters, Region III requested that WVDHSEM provide financial monitoring protocols and a listing of sub-recipients that would be financially monitored. On January 28, 2014, a new due date of February 28, 2014 was given to WVDHSEM to provide the requested information.
- On February 28, 2014, WVDHSEM provided a response to the January 28, 2014 letter. The response included a financial monitoring schedule and informed Region III that WVDHSEM had hired an additional full time staff member to assist with financial and programmatic monitoring of sub-recipients.
- On April 2, 2014, Region III closed these corrective actions and requested that two monitoring reports be forwarded to FEMA Region III no later than May 15, 2014.
- On June 3, 2014, WVDHSEM informed Region III that work was being done to prepare the reports, but no reports were provided.

- On July 17, 2014, WVDHSEM provided the two reports.
- After review of the two reports, on August 28, 2014, FEMA Region III acknowledged receipt of the reports and closed the CAPs. Although Region III had closed the CAP, it had some concerns about WVDHSEM's processes and procedures for sub-recipient monitoring. Based on the monitoring reports and supporting documentation Region III noted the following:
  1. Inadequate notification to the sub-recipient of the site visit (such as indicating which project worksheets would be reviewed for the specified Public Assistance disasters);
  2. Inconsistencies in conducting the monitoring review (Incomplete monitoring checklists/audit review);
  3. Incomplete follow-up after the site visit report had been sent;
  4. Failure to impose corrective actions to remedy A-133 audit findings; and
  5. Failure to inquire from the sub-recipients why they have not had an A-133 Audit conducted
- These issues were to be discussed during the next Region III site visit in November 2014.
- In a letter dated October 30 2014, WVDHSEM requested a postponement to the November 2014 site visit due to sudden departure of the WVDHSEM's Comptroller, recent change to the Financial Management System, and training shortfalls of two administrative staff. FEMA Region III agreed to the postponement and rescheduled the site visit to March 5, 2015.

Since 2011, the Grants Division supported WVDHSEM to create a financial monitoring plan, conduct site visits, write monitoring reports, and has provided guidance on following up on issues documented on monitoring visits. WVDHSEM continues to lack a financial monitoring system for sub-recipients, as most recently summarized after FEMA Region III's last site visit completed on March 5, 2015.

#### **FEMA Action: Manual Reimbursement**

Because WVDHSEM missed the deadline of August 31, 2015 to submit a financial monitoring plan for review, WVDHSEM is noncompliant with 44 CFR 13.40 (a) *Monitoring by Grantees* and 2 CFR 200.331 *Requirements for pass-through entities as required by the Articles of Agreement or FEMA State Agreement*. Without proper oversight of sub-recipients, WVDHSEM cannot provide evidence that Federal Funds are being effectively managed or utilized in accordance to federal regulations.

Per CFR Part 13.43, (a) *Remedies for non-compliance*, if a grantee or sub-recipient materially fails to comply with any terms of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency

may take one or more actions against the grantee. As of 60 days from the date of this letter, FEMA Region III will impose manual reimbursement for all open awards as listed below:

Grant Number	Program	Program Type
4071DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4093DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4132DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4210DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4219DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4220DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4221DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4236DRWVP00000005	Hazard Mitigation Grant Program (HMGP) - 97.039	Disaster
4059DRWVP00000001	Public Assistance - 97.036	Disaster
4061DRWVP00000001	Public Assistance - 97.036	Disaster
4071DRWVP00000001	Public Assistance - 97.036	Disaster
4093DRWVP00000001	Public Assistance - 97.036	Disaster
4132DRWVP00000001	Public Assistance - 97.036	Disaster
4210DRWVP00000001	Public Assistance - 97.036	Disaster
4219DRWVP00000001	Public Assistance - 97.036	Disaster
4220DRWVP00000001	Public Assistance - 97.036	Disaster
4221DRWVP00000001	Public Assistance - 97.036	Disaster
4236DRWVP00000001	Public Assistance - 97.036	Disaster
EMP-2015-GR-2005	Community Assistance Program - State Support Services Element (CAP-SSSE) - 97.023	Non-Disaster



Grant Number	Program	Program Type
EMW-2013-CA-K00071	Cooperating Technical Partners - 97.045	Non-Disaster
EMW-2014-CA-00196	Cooperating Technical Partners - 97.045	Non-Disaster
EMW-2015-CA-00050	Cooperating Technical Partners - 97.045	Non-Disaster
EMW-2012-EP-00069	Emergency Management Performance Grants - 97.042	Non-Disaster
EMW-2013-EP-00069	Emergency Management Performance Grants - 97.042	Non-Disaster
EMW-2014-EP-00044	Emergency Management Performance Grants - 97.042	Non-Disaster
EMW-2015-EP-00050	Emergency Management Performance Grants - 97.042	Non-Disaster

### **Removing Manual Reimbursement**

In order to remove this manual reimbursement enforcement action, WVDHSEM must:

- Submit a Financial Monitoring Plan and Monitoring Schedule to Region III Grants Division for review. The schedule should include recipient name, grants to be reviewed, type of monitoring activity (desk review or site visit) and the month of the planned monitoring activity.
- FEMA Region III will select a random sample of sub-recipients from the Financial Monitoring Plan and provide that list to WVDHSEM.

From that list of sub-recipients, WVDSHEM will be responsible for providing the following items:

1. The request to the sub-recipient initiating the monitoring activity
2. Final Report to the sub-recipient after the monitoring activity is complete
3. Corrective Action or Follow-up communication (if applicable)

Once these items are provided and determined adequate, Region III will validate implementation of WVDHSEM's monitoring program at the next scheduled site visit to WV. Only when FEMA Region III is confident that the sub-recipient financial monitoring program is fully implemented by WVDHSEM and there are no new findings for WV regarding sub-recipient monitoring, will FEMA Region III release the manual reimbursement on all open FEMA awards administered by Region III listed above.



Instructions for requesting manual reimbursement are provided in Attachment #1 for:

- Hazard Mitigation Grants Program (HMGP)
- Public Assistance (PA)
- Non Disaster Grants (EMPG, CAP-SSSE, CTP)

All correspondence related to this matter should be addressed to:

U.S. Department of Homeland Security, FEMA  
Region III Grants Division – Philadelphia  
615 Chestnut Street, 6<sup>th</sup> Floor  
Philadelphia, PA 19106  
Attention: Janice P. Barlow, Director, Grants Division

WVDHSEM has a right to appeal this action within 60 days of the date of this letter. Written appeals should be sent directly to the Regional Administrator, MaryAnn Tierney.

The Region III Grants Division, Business Branch Chief, Regeane Frederique is available to respond to any questions you may have. She can be contacted at (215) 931-5683 or [regeane.frederique@fema.dhs.gov](mailto:regeane.frederique@fema.dhs.gov). The Grants Division remains committed to helping WVDHSEM build a strong grants management program and will continue to provide technical assistance as requested.

Sincerely,



Janice P. Barlow  
Director, Grants Division

cc:

MaryAnn Tierney, Administrator, DHS/FEMA Region III  
Gene Gruber, Director, Mitigation Division, Region III  
Jack Schuback, Director, Recovery Division, Region III  
FEMA HQ Regional Coordination and Oversight Branch, FEMA HQ  
Tommy Dingess, WVDHSEM

## Attachment 1

### **Instructions for requesting reimbursements for Hazard Mitigation Grants Program**

1. Complete a SF 270 request signed by authorized official
2. Attach documentation certified by the State Hazard Mitigation Officer (SHMO) or their designee supporting the amount being requested is eligible, allowable, reasonable, and aligns with the approved budget. Invoices and proof of payment do not have to be submitted with the SF-270 request. FEMA Region III Program and Financial staff reserve the right to review source documentation during scheduled monitoring visits.

### **Instructions for requesting reimbursements for Public Assistance**

1. Complete a SF 270 request signed by authorized official
2. Attach documentation certified by the Public Assistance Officer or their designee supporting the amount being requested is eligible, allowable, reasonable, and aligns with the approved PW.
3. Invoices and proof of payment do not have to be submitted with the SF-270 request. However, FEMA Region III Program and Financial staff reserve the right to review source documentation during scheduled monitoring visits where WVDHSEM should be able to produce valid source documentation such as contract invoices, force account timesheets, equipment logs, cancelled checks, etc. upon request.

### **Instructions for requesting reimbursements for Non-Disaster Grants**

1. Complete a SF 270 request signed by authorized official
2. Attach source documentation to include Recap summary that clearly justifies the amount being requested on the SF 270.

Please note: Source documentation is being requested for Non-Disaster Grant reimbursements.

***If required information is not received with the SF 270 request, your request will be returned for the missing information and will not be processed.***

### **Reimbursement requests can be submitted via mail or e-mail:**

#### **Mail:**

U.S. Department of Homeland Security-FEMA  
Region III Grants Division – Philadelphia  
615 Chestnut Street, 6<sup>th</sup> Floor  
Philadelphia, PA 19106  
***Attention: Raechelle Walker-Ellis, Grants Management Specialist***

*Or*

#### **E-Mail:**

[FEMA-R3-Grants-Division@fema.dhs.gov](mailto:FEMA-R3-Grants-Division@fema.dhs.gov)  
In the subject line, add: ***Manual Reimbursement Request***